

### प्रसाधारण

### EXTRAORDINARY

भाग I-- प्रवस 1

PART I-Section I

शाधिकार से प्रकारियत

# PUBLISHED BY AUTHORITY

सं 28]

नई बिल्सी, से अबार, का बरी 1', 1968/नाध 13, 1889

NEW DELHI, MONDAY, FEBRUARY 12, 1968/MAGHA 23, 1889 No. 281

इस भाग में भिन्नीपुष्ठ संस्था थी जाली है जिससे कि यह अलग संकलन के रूप में रखा जा सके। Separate paging is given to this Part in order that it may be filed as a separate compilation.

### MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY REPAIRS

(Department of Industrial Development)

#### RESOLUTION

New Delhi, the 12th February 1968

No. 1(95)/67-A.E.Ind.(I).—In view of the widespread complaints about the quality of motor cars manufactured in India, the Government had, in exercise of the powers conferred by Section 15 of the Industries (Development and Regulation) Act, 1951, appointed, in their Resolution dated the 11th July, 1967, a Committee under the Chairmanship of Shri G. Pande to investigate and make recommendations in regard to the following:—

- (a) The extent of deterioration in the quality of motor cars, the circumstances and reasons therefor,
- (b) Whether minimum standards of quality and performance have been laid down and ensured by the car makers for the raw materials, components, and sub-assembles, bought out or manufactured by them, and for the assembled cars.
- (c) Whether the equipment, facilities, and arrangements with them are adequate and effectively used for proper testing and inspection, and what are the additional requirements in respect of the same to ensure better inspection and quality control,

- (d) The part played by the indigenous, ancillary and other industries in this deterioration and the steps to be taken for effecting improvements therein,
- (e) The nature of effectiveness of the warranties and the adequacy and promptness of the aftersales service rendered by the dealers and other concerned, and, finally,
- (f) The necessary and feasible steps to be taken by the Central Government in regard to these matters.
- 2. The Committee submitted its report on 1st December, 1967. It is a very comprehensive study of the working of the industry relating to the manufacture of motor cars and its ancillary industries and has drawn attention to the reasons for the deterioration in the quality of cars manufactured in the country, the inadequacies in the quality control procedures of car and ancillary producers, the lack of proper organisation, inadequacies of technical know-how, equipment and testing facilities and difficulties in obtaining the right type and quantities of raw materials etc. The Committee has also made recommendations for the rectification of various defects and improvement of the quality of motor cars produced in the country.

A summary of the various recommendations and Government's decisions thereon is given in the Annexure.

- 3. The implementation of the recommendations would require concerted and detailed action by the industry, Government and dealers over a period of time. In order to ensure that the necessary improvements are effected speedily, Government intend to arrange for periodical review of the steps taken to implement the recommendations.
- 4. Government wish to place on record their high appreciation of the thoroughness with which the Committee has studied the various problems and made practical and constructive recommendations.

#### ANNEXURE

S.¥ No. 4 Recommendation of Committee

Government's decision

### Concerning Car Makers

The management should become fully quality conscious and instill this consciousness at all levels of their staff and workers, through periodical lectures, demonstrations, circulation of pamphlets, awards, and incentives.

2 The managerial staff should be given training in one of the organized institutes on modern management techniques.

3 Training courses in inspection and quality control techniques for the staff posted in these departments should be organised along with periodical refresher courses.

4 A separate Inspection Department manned by well qualified personnel should be established in each plant and should be directly responsible to the top manage—

5 There should be a separate quality control Department manned by proper qualified personnel.

6 Every plant should have a Company Standards Department to liaise with the Indian Standards Institution and also to lay down required company standards.

7 Proper inspection and statistical sampling procedures and statistical quality control methods should be evolved for adoption in the three plants. Accepted.

The industry will be asked to have discussions among themselves and put forward a common programme for implementing the recommendations with a definite time schedule.

Serial Recommendation of Committee Government's decision No. Statistical control methods should be employed from the inspection of the incoming raw materials and components, through the assembly lines and right up to the | finished products. 9 Indian Standards for raw materials, com-Accepted. ponents, statistical quality control methods The industry will be directed to obtain and test procedures should be followed wherever they exist. Raw materials and specifications, standards and procedures established for this purpose co-moonents carrying the ISI Certification from the Indian Standards Institution and to purchase materials covered by the ISI Certification Mark. Mark should be purchased wherever they are available. 10 Every plant should have adequate testing) Accepted. The car makers will be directed to facilities for raw materials and components, approach Government for any assis-Test rigs for testing of performance requirements of components and for evaluating tance needed for import of equipthe life of the hought-out components ment etc. and to indicate the test rigs should be installed. Samples of boughtalready with them and what additions they propose to make, either indiviout components should also be continuously tested on test cars dually or jointly, within a period of tracks. Adequate number of test cars. six months. should be carmarked for this purpose. The layout of some of the departments of 12 Accepted. The manufacturers will be directed to the car makers should be revised whenever an opportunity arises to enable smooth implement the recommendations and flow of materials and components and to confirm compliance. avoid duplicate handling. 13 A Research and Development Section should be established at each of the plant for redesigning components, developing new designs and analysis g defects with a view to taking corrective measures. 14 The spare equipment capacity available shoul. The manufacturers will be asked to be allowed to be utilized by other plants consider this point, even in their ancillary producers. own interests, to ensure maximum utilisation of the equipment. 15 Detailed and specific requirements of standards. Accepted. should be furnished to the ancillary produ-Manufacturers will be directed accorcers in addition to making available to them dingly. the testing facilities at the car maker's plant. t6 Proper and uniform purchase and payment Accepted. policies and contractual agreements should The industry will be directed to discuss be laid down between the car maker, the with the Association of ancillary ancillary producer and their suppliers, on Manufacturers and the Development a long term basis. Necessary provisions for penalties and compensation for ron-Commissioner, Small Scale Industries evolve a uniform purchase policy compliance should be introduced in these within six months. agreements to ensure consistency.

17 All materials should be accepted only after proper inspection and testing, and not on the basis of previous supplies or brand names. Accepted.

The industry will be directed to lay down a detailed code of inspection and testing in consultation with the suppliers. The code should be strictly adhered to thereafter.

Scrial No.	Recommendation of Committee	Government's decision
18	A thorough pre-delivery inspection of all cars should be made by the car maker before delivery to the dealer.	Accepted. The manufacturers and dealers will be asked to lay down a full pre-delivery inspection procedure and report compliance. A case history of the car should be maintained.
19	No cir with definent supplies of parts should be sold to the dealer. Cars should have the stipulated service tools of proper quality.	Accepted.  Minifacturers will also be directed to specify the accessories and tools to be supplied with each car.
20 21	Tamper proof speed governors should be fitted to the cars to minimise reckless driving of the cars from the car maker's plant to the dealer's establishment.  Proper procedures for preventive maintenance and timely repair of machinery	Accepted. The industry will be advised accordingly.
22	and equipment should be laid down.  A proper system of collection of field data with regard to the performance of passenger cars should be evolved so that information regarding complaints, defects and failures is fed back to the car maker with a view to analysing their causes and also for taking corrective measures.	Accepted. The manufacturers will be requested to discuss among themselves and their respective dealers and evolve a uniform practice of reporting performance data.
23	The warranty with which cars are sold should be uniformly valid for a period of 12 months or a distance covered of 16,000 Kms. whichever occurs earlier. Also, all defects due to faulty manufacture or bad workmanship should be rectified and defective parts replaced during this period without passing any part of the burden, including incidental charges, to the customer.	Accepted. The manufacturers will be directed to comply with the recommendation,
24	Car makers should evolve a proper procedure for disposal of rejected material and parts so as to ensure that they do not find their way back to their plants.	Accepted. The manufacturers will be asked to evolve a proper procedure within 6 months and inform Government of the steps taken.
25	The car makers, together with the ancillary producers, should try and develop as many interchangeable components as possible for the three cars in order to increase productivity, reduce cost and improve quality.	Accepted. The manufacturers will be asked to take immediate steps in consultation with ancillary manufacturers.
26	The dealer's workshops should be visited periodically by the car maker to ensure that the spare parts that go into the original equipment are being stocked, for use during the warranty period.	Accepted. The manufacturers will be directed to take immediate action and report compliance.
27	When defects in critical components are reported from the field, the owners of all cars from that batch should be notified so that the cars are brought immediately to the nearest dealer's service station for check and restriction of defects.	Accepted. The industry will be directed to comply strictly with this recommendation.
28	and rectification of defects.  The car makers may be induced to give up the production of certain components which they are currently manufacturing, which could more profitably be manufactured by the ancillary producers.	Accepted. The manufacturers will be advised accordingly.

S. No.

Recommendation of Committee

Government's decision

### Concerning Ancillary Industries

The Management should become fully, quality conscious and instill this consciousness at all levels of their staff and workers, through periodical lectures, demonstrations, circulation of pamphlets, awards and incentives.

2 The managerial staff should be given training in one of the organised institutes on modern management techniques.

3 Training courses in inspection and quality control techniques for the staff posted in these Departments should be organised along with periodical refresher courses.

along with periodical refresher courses.

A separate Inspection Department manned by well qualified personnel should be established in each unit and should be directly responsible to the top management.

There should be a separate quality control department manned by proper qualified personnel.

6 Each unit should have a company standards department to liaise with the Indian Standards Institution and also to lay down required company standards.

7 Proper inspection and statistical sampling procedures and statistical quality control methods should be evolved for adoption in each unit.

- 8 Statistical quality control methods should be employed from the inspection of the incoming raw materials and sub-components through the assembly lines and right upto the finished products.
- Indian Standards for raw materials and sub-components, statistical quality control methods and test procedures should be followed wherever they exist. Raw materials and sub-components carrying the ISI Certification Mark should be purchased wherever they are available.
- 10 Each unit should have adequate testing facilities for all raw materials and components. Alternatively, where possible a group of ancillary units should establish testing facilities for use by all of them.
- II Test rigs for testing of performance requirements and evaluating the life of the components should be installed.
- 12 A Research & Development Section should be established at each unit for redesigning components, developing new designs and analysing defects with a view to taking corrective measures.

Accepted.
The All India Automobile and Ancillary
Industries Association will be requested to evolve a uniform practice after discussions among the individual ancillary units and formulate a plan of action within six months.

- Accepted. The All India Automobile & Ancillary Industries Association will be requested to take up the matter with the Indian Standards Institution for obtaining ISI standards that have been evolved either for specification or raw materials or test procedures and existing ISI marking practice already introduced.
- Accepted. The individual ancillary units will be directed to take stock of the test facilities available with them for raw materials and mrke out a list of additional facilities they propose to establish. This should be further discussed at the Association level so that duplication of facilities could be avoided as far as possible.

Accepted. The ancillary producers wi be directed to take action accordingly.

Accepted. The Ancillary producers will be asked to implement the recommendation and report the action taken.

Scrial Recommendation of Committee Government's decision No. Accepted. The manufacturers will be 13 Proper and uniform purchase and payment poilcies and contractual agreements should be laid down between the ancillary industry requested to consider the matter at the level of the All India Automobile & and their supplies. Ancillary Industries Association and evolve a uniform purchase and payment policy and a standard contractual agreement between the ancillary units and their suppliers. Similar policy should be applicable for the purchase from units in the small scale for which the Association should conduct discussions with the Develop-Commissioner, Small Scale ment Industries. 14 All material should be accepted after proper Accepted. The manufacturers will be inspection and testing and not on the basis of directed to take action accordingly. previous supplies or brand names. 15 A proper system of collection of field data with Accepted. The merufacturers will be requested to discuss enterigiblenic ves regard to the performance of their component should be evolved so that information reand evolve a uniform practice of reportgarding complaints, defects, and failures are fed back to the producer with a view to anaing performance data. lysing their causes and also for taking corrective measures. 16 The ancillary producers, together with the Accepted. The Areil'ery precisers will car makers, should try and develop as many be directed to take up the natter of the-Association level to evolve a provisioninterchangeable components as possible for al list of components that could be the three cars in order to increase productivity, reduce cost and improve quality. made interchangeable smong the 3 makes of cars. 17 Proper procedures for preventive maintence Accepted. The ancillary producers will and timely repair of machinery and equipbe directed to take action accordment should be laid down. 18 The All India Automobile and Ancillary Asso-Accepted. The Association will be addressed accordingly. ciation should devise ways and means to make its constituents observe the code of conduct evolved by it under pan of being disaffiliated under public notification if there is a breach of it by any producer. Concerning Dealers I Every dealer should have proper equipment and ] adequate facilities for servicing and repair of the cars as recommended by the car maker. Accepted. Each car maker will be directed to evolve the standard procedures for their dealers and to 2 A dealer should have adequate stock of such parts as are used in the original equipment introduce the procedure within six and should use no others for replacement of defective parts during the warranty period. months.

should

3 The pre-delivery inspection

thoroughly done and all defects rectified before delivering a car to the customer.

The dealer should make available a list of charges for standard jobs to the user.

Accepted. All the dealers will be advised through the respective car makers to comply with the recommendation.

S. No. Recommendation of Committee Government's decision

- 5 The dealer should ensure that the cars transported by road do not exceed the speed limits specified by the car maker to minimise defects arising during their transportation.
- The dealer should be given full authority to settle complaints regarding defective parts irrespective of the agreement that the car maker might have obtained/entered into with the concerned ancillary suppliers and thus ensure that complaints are attended to promptly without the customer having to wait for long period.
- 7 The dealer should maintain proper record of complaints received from car users and the action taken.

Accepted.

Each of the car makers will be directed to evolve standard procedure in these respects and to direct their dealers to introduce them within six months

### Concerning the Government

r The Indian Standards Institution should be requested to formulate on priority basis, standards for raw materials and components with the assistance of the car makers, ancillary producers and their suppliers.

Accepted, Indian The Standards tution will be requested to initiate action for drawing up standards according to priorities to be assigned to various items. The representatives of producers will also be associated with this work. Efforts should be made to complete the work relating to priority items within 12 months.

The car makers should be directed to adopt and implement Indian Standards as and when these are formulated.

Accepted.

The industry will be directed to ad opt such standards as and when formulated.

13 ISI Certification Marks Schemes should be made compulsory for all the ancillary producers on the basis of priorities to be established.

The Indian Standards Institution wil be requested to prepare a list of priority items in consultation with the ancillary producers and in respect of these items ISI marking scheme might be made compulsory.

The public sector steel plants should be directed to make available raw materials of the qualities required by the industry, irrespective of the quantities involved.

Accepted. The Department of Iron & Steel will be requested to take appropriate steps after a list of requirements and quan-

tities in each category is drawn up by the Associations concerned.

5 The fabrication of special two-tier bogie transporting multiple cars wagons for by rail should be expedited.

Accepted. The Ministry of Railways will be requested to take appropriate steps.

6 The Government should stop assistance to the Accepted. ancillary producers whose products are found consistently sub-standard and take other corrective action. They should also not be permitted renewal of their foreign collaboration, if any.

Recommendation of Committee Government's decision S. No. 7 All the three car makers should be directed to Accepted. sell cars under a warranty which should be uniformly valid for a period of 12 months or The manufacturers will be directed toa distance covered of 16,000 kilometers, take action accordingly. whichever occurs earlier. Also, all defects due to manufacture or workmanship should be rectified and defective parts replaced during this period without passing any part of the burden including incidental charges, to the customer. scheme for establishment of an orga-8 In order to ensure that the car makers and the Accepted in principle. ancillary producers adopt the relevant recommendations enumerated above, techninisation will be prepared for further cal audit cells should be set up in the car action. makers plants and also in the ancillary producers units, individually or collectively, as considered necessary, with a view to arresting the deterioration of quality and giving trouble-free service to the customers. Foreign exchange should be made available for Accepted. purchasing such raw materials/components of the required quality as are not available at present in the country and the industry should be assisted in getting their men trained in overseas countries. This recommendation will be examined. 10 The Government may also consider permitting the car makers to manufacture 'de-luxe after all the other recommendations. are implemented. model' without price and distribution control, to provide necessary incentive for technological development and also for improving the quality of the cars which are now being manufactured. 11 The Government should assist in the early Accepted. setting up of the Co-operative Research The Indian Automobile Manufacturers and Development Organisation for the automobile industry which has already been agreed in principle. Till such time as this Association will be asked to expeditethe establishment of the research organisation and steps will be taken to organisation is set up, the facilities for testing ensure that definite progress is made within six months. The car makers cars available with the Ministry of Defence should be utilised by the car makers. will also be directed to utilise the testing facilities available with the Ministry of Defence. 12 The Government may also consider giving This recommendation will be examined a rebate on the taxes to the car makers and the in consultation with the Ministry of Finance. ancillary producers in proportion to expenditure on inspection and quality control. Government should consider imposing stricter Accepted. driving tests before driving licences are

Miscellaneous

I Registration for purchase of a car should be Accepted. made with the regional representative of the car manufacturers and customers should stipulate the dealer through whom the car will be accepted.

granted.

# S. No. Recommendation of Committee Government's decision 2 Proper conditions of working, adequate amenities, awards and incentives should be pro-ties, awards and incentives should be pro-The manufacturers will be advised vided to the workers so that quality consci- accordingly. ousness could be instilled in them.

3 The quality of paints should be improved. Accepted.
Suitable rubber components should be de- Appropriate steps will be taken to imveloped to withstand severe atmospheric conditions obtaining in the country. The manufacture of plate glass should be expedited and till then strict inspection and con-required extent. Even now plate trol methods should be adopted.

prove the quality of paints and rubber components and, where necessary, imports also will be allowed to the glass for windscreens are being imported pending development of indigenous industry.

#### ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India Extraordinary.

N. SUBRAHMANYAM, Spl. Secy.

